



City  
Manager's  
Office

TO: City Council

FROM: Bonnie Svrcek, Deputy City Manager *Bonnie*

SUBJECT: Additional Skyboxes at City Stadium

DATE: July 27, 2004

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Based on the success of the skybox rentals at Lynchburg City Stadium, the Lynchburg Baseball Corp. (LBC) has requested that the City consider construction of four additional skyboxes, two on each side of the existing boxes, for a total of twelve skyboxes.

Initial plans were to build five skyboxes during the renovation. Due to the success of renting these skyboxes and because funds were available within the capital project, construction of three additional skyboxes was authorized with the capacity to build four more skyboxes. The General Manager of LBC has tested the market to determine the salability of the additional skyboxes and has determined that there is a strong market demand. In fact, four companies have pledged to pay \$44,000 in cash (\$176,000), in advance, for a five year skybox rental.

The total project estimate to build the four additional skyboxes is:

**Four Additional Skyboxes at Lynchburg City Stadium**

City Engineering Service Charges	\$ 9,000
Architectural Services	\$ 38,525
Contract Administration	\$ 25,000
Inspections	\$ 5,000
Construction	\$ 525,000
Furniture, Fixtures and Equipment	\$ 10,000
Contingency	\$ 60,000
<b>Total Project Estimate</b>	<b>\$ 672,525</b>

Construction of these skyboxes involves additional architectural work due to the change in the roofline, and heating, air conditioning, ventilation, and plumbing engineering and design. Costs for steel and concrete have escalated in the past several months causing significant increases in construction.

The FY 2005 projected fund balance in the Stadium Fund is approximately \$518,000. Following is a financing scenario for City Council's consideration:

<b>Total Project Estimate</b>	<b>\$ 672,525</b>
Revenue from 5-year rental of 4 new skyboxes @\$44,000/each	\$ (176,000)
Use of Fund Balance	\$ (300,000)
<b>Balance to be Financed in Stadium Fund (with temporary loan from General Fund)</b>	<b>\$ 196,525</b>

Staff recommends that the General Fund make a temporary loan to the Stadium Fund to finance the \$196,525 needed to build the four additional skyboxes. Revenue generated in the Stadium Fund would then pay the General Fund back over a ten-year period at an annual interest rate of 3.0%.

Both staff and LBC representatives project that the Stadium Fund has the capacity to absorb annual debt payments of \$23,039 over a ten-year period.

City Council should be aware, if you decide to move forward with this project, that the time frame for completion prior to Opening Day 2005 is very tentative at best. On the other hand, by delaying or deferring construction to a future date there is a risk in losing those four companies that have pre-pledged the \$44,000 for a five-year rental term, along with continued escalation in construction costs. Or, Council could just simply decide to not add the four skyboxes at all.

If City Council is interested in moving forward at this time, staff asks that you authorize the advance allocation of \$38,525 for architectural services so that the project can begin. Finally, if Council approves this project, a public hearing will need to be held because the budget would be amended by more than \$500,000.

Staff and Paul Sunwall, General Manager, LBC will be available to answer any questions you may have at the work session.

Thank you.

c: L. Kimball Payne, City Manager  
Michael Hill, Director of Financial Services  
Robin Mamola, Accountant, Financial Services  
Paul Sunwall, General Manager, Lynchburg Baseball Corporation